PROVINCE OF

PRINCE EDWARD ISLAND

THIRTY-FIFTH

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31ST

1983

LIQUOR CONTROL COMMISSION

ب

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LIQUOR CONTROL COMMISSION

The Honourable George McMahon, Q.C.

Minister,

Department of Justice and Attorney-General,

Province of Prince Edward Island,

Charlottetown, P.E.I.

Sir:

I have the honor to submit the thirty-fifth Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 1982 to March 31, 1983.

Respectfully submitted,

A. B. WOOD,

Chairman

GENERAL REMARKS

The Commission is presently operating thirteen (13) retail facilities, of which eleven (11) are self-service in design and two (2) conventional. In addition, the Commission operates a Licensee Distribution Centre located in Charlottetown.

While the Commission did not increase the number of retail facilities during the fiscal year, significant emphasis was placed on merchandising and displays throughout the retail system during the year. A number of management meetings were held during the past year with one meeting, in particular, including various suppliers from the beer, wine and spirits industry.

During the fiscal year, the Inspection Department has continued to monitor very closely, all Island licensed premises with the intent of obtaining total adherence to the Liquor Control Act and Regulations, as well as providing consultation and assistance to the operators.

The Inspection Department is scheduled to continue the present format, and high level of surveillance in licensed premises, and similarly, continue to make available to all licensed premises, consultation and expertise found within the Inspection Department. There were eleven (11) new licenses issued during this fiscal year, while ten (10) licenses were voluntarily surrendered.

The financial statement for 1982-83 fiscal year, ending March 31, 1983, shows sales of thirty-eight million, nine hundred and four thousand, three hundred and fourteen dollars. Net profit for the year, plus health and sales tax totalled seventeen million, four hundred and fourteen thousand, two hundred and nine dollars.

Cost of goods sold, and administrative expenses, were twenty-one million, six hundred and sixty-one thousand, eight hundred and fifty-four dollars.

The Commission is most appreciative for the expertise and co-operation extended this Department by other associated Departments of Government, R.C.M.P., all law enforcement authorities in the Province and also, for the loyal and effective service given by our employees.

APPENDIX "A"

Contains a statement of business transacted for the year.

APPENDIX "B"

Contains a summary of the number of liquor licenses in effect as of March 31st, 1983, with a comparison of those in effect in 1982.

APPENDIX "C"

Contains a comparative statement of total sales, Health Tax paid, Sales Tax paid, gross profit and net profit for the year 1961 to 1983 inclusive.

APPENDIX "D"

Contains a copy of Provincial Auditors Report with accompanying Financial Statements and notes to the Financial Statements.

APPENDIX "A"

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

ANALYSIS OF SALES BY RETAIL STORES

(For the year ended March 31, 1983)

	NET SALES		
	Year Ended March 31, 1983	Year Ended March 31, 1982	Increase or (Decrease)
TIGNISH	987,719.19	898,741.26	88,977.93
O'LEARY	717,958.23	680,607.76	37,350.47
ALBERTON	956,968.71	863,169.75	93,798.96
SUMMERSIDE	2,076,503.79	2,059,896.41	16,607.38
SHERBROOKE	3,127,268.76	3,093,804.53	33,464.23
BORDEN	853,240.29	808,877.42	44,362.87
KENSINGTON	886,248.62	290,963.55	595,285.07
NORTH RUSTICO	1,119,819.59	1,039,196.16	80,623.43
TOWERS	3,383,653.87	3,096,948.14	286,705.73
ROYALTY MALL	5,008,654.65	4,605,434.41	403,220.24
QUEEN STREET (Ch'town)	2,836,262.71	2,510,283.14	325,979.57
SOURIS	1,475,599.65	1,329,890.61	145,708.04
CARDIGAN	2,842,294.48	2,584,383.36	257,911.12
LICENSEE DISTRIBUTION CENTRE	3,073,829.76	2,610,007.94	463,821.82
WAREHOUSE	50,490.81	39,639.05	10,851.76
	$30,396,533.11	$26,511,843.49	$ 3,884,889.62

APPENDIX "B"

LICENSES IN EFFECT AS OF MARCH 31, 1983 AND COMPARISON WITH 1982

		1983	1982
1.	MILITARY CANTEEN LICENSES	24	24
2.	CLUBS	68	72

CLUB LICENSES WERE GRANTED TO:

University of Prince Edward Island

3.	**DINING ROOMS AND LOUNGES:**		
	A. Dining Rooms	96	90
	B. Lounges	45	45

DINING ROOM LICENSES WERE GRANTED TO:

Silver Fox Curling and Yacht Club

Loughrans Restaurant

Creeds Country Kitchen

Annies Restaurant

The Lunch Bar and Dining Room

Dave and Tony's Restaurant

Holiday Island Motor Lodge

Champion House Restaurant

Ponderosa Steakhouse

	1983	1982

LOUNGE LICENSES WERE GRANTED TO:

Holiday Island Motor Lodge
Rivendell Limited

LICENSES VOLUNTARILY SURRENDERED:

Dining Rooms 3

1. Fairbanks Inn
2. Cadillac Motel
3. Western Trails Restaurant and Lounge

Lounges 2

1. Western Trails Restaurant and Lounge
2. Woodland Heights

Clubs 5

1. Vernon River Lions
2. St. Peters Lions
3. Albany Lions
4. Summerside Yacht Club
5. Hebrides Homeowners Association

4. **SUMMARY:**

Clubs	68	72
Military Canteens	24	24
Dining Rooms	96	90
Lounges	45	45
TOTAL	233	231

APPENDIX "C"

COMPARATIVE STATEMENT

	Gross Sales	Health Tax	Sales Tax	Gross Profit	Net Profit
1961	4,446,410	301,854	136,015	1,440,496	1,338,461
1962	4,837,640	422,194	193,506	1,559,338	1,423,083
1963	4,998,654	436,246	199,946	1,586,533	1,439,837
1964	5,381,463	465,079	265,593	1,679,073	1,524,410
1965	5,975,134	516,034	298,757	1,925,402	1,730,387
1966	6,570,894	567,485	328,544	2,111,001	1,855,305
1967	7,273,136	628,138	363,650	2,330,201	2,025,426
1968	8,190,658	707,375	409,533	2,703,928	2,332,440
1969	9,038,301	780,581	451,915	3,000,284	2,606,209
1970	9,738,688	825,960	653,127	3,239,826	2,806,100
1971	10,639,885	899,554	744,792	3,554,861	3,056,251
1972	11,912,815	995,573	952,287	4,030,737	3,471,592
1973	13,614,618	1,137,732	1,088,265	4,701,365	3,981,712
1974	15,682,662	1,311,641	1,254,613	5,439,661	4,474,827
1975	17,977,409	1,503,565	1,438,193	6,153,729	4,985,202
1976	21,371,136	1,787,404	1,709,691	7,240,505	5,767,823
1977	21,620,540	1,843,287	1,344,387	7,466,755	5,793,464
1978	24,287,799	2,005,822	1,500,260	8,366,564	6,482,267
1979	25,258,836	2,156,123	1,541,483	8,716,321	6,688,570
1980	27,602,661	2,354,594	1,702,124	9,783,207	7,506,780
1981	29,922,380	2,662,073	2,065,181**	10,358,624	7,819,513
1982	35,072,507	6,120,627	2,440,237	10,452,764	7,313,442
1983	38,904,314	6,819,570	2,688,211	11,410,630	7,906,426

** NOTE: PROVINCIAL HEALTH TAX INCREASED FROM 10 - 25% MARCH 13/81

APPENDIX "D"

AUDITOR'S REPORT

To the Commissioners of the

P.E.I. Liquor Control Commission

I have examined the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 1983 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. KAPTEIN, C.A.

Auditor General

Charlottetown, Prince Edward Island

June 13, 1983

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1983

(with comparative figures at March 31, 1982)

ASSETS

CURRENT ASSETS

	1983	1982
Cash	$ 340,088	$ 113,238
Accounts Receivable	11,070	22,038
Inventories — Note 1 (b)	2,328,676	2,250,384
Prepaid expenses	34,310	22,251
	2,714,144	2,407,911

FIXED ASSETS

Land — cost		103,979		103,979
Buildings — cost	2,689,381		2,689,381	
Less: Accumulated Depreciation — Note 1 (a)	918,903	1,770,478	782,242	1,907,139
Equipment — cost	405,394		386,222	
Less: Accumulated Depreciation — Note 1 (a)	317,180	88,214	260,400	125,822
Leasehold Improvements — cost	262,139		259,924	
Less: Accumulated Amortization — Note 1 (a)	187,948	74,191	154,311	105,613
		2,036,862		2,242,553
		$ 4,751,006		$ 4,650,464

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1983

(with comparative figures at March 31, 1982)

LIABILITIES

	1983		1982
CURRENT LIABILITIES			
Trade Accounts Payable	652,259		469,873
Accounts payable — other	186,341		154,034
Accrued salaries and employees' benefits	21,045		61,443
Accrued interest	51,256		54,208
Deferred revenue	2,783		7,241
Debentures payable — Province of P.E.I. current portion — Note 3	52,505		46,032
Due to the Minister of Finance — Note 1 (c)	1,800,460		1,661,592
	2,766,649		2,453,943
LONG-TERM LIABILITIES			
Due to the Minister of Finance in respect of net fixed assets Note 1 (c)	1,261,681		1,421,340
Debentures payable — Province of P.E.I. — Note 3	775,181	821,213	
Less: Current Portion	52,505	722,676 46,032	775,181
	1,984,357		2,196,521
	$ 4,751,006		$ 4,650,464

(Notes 1 to 4 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: A. B. WOOD
COMMISSIONER: WYLIE BARRETT

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1983

(With comparative figures for the year ended March 31, 1982)

	1983		1982	
SALES		38,904,314		35,072,507
Less: Provincial Health Tax	6,819,571		6,120,627	
Provincial Sales Tax	2,688,211	9,507,782	2,440,237	8,560,864
NET SALES		29,396,532		26,511,643
COST OF GOODS SOLD				
Beginning inventory	2,250,384		2,201,457	
Purchases	18,064,194		16,107,806	
	20,314,578		18,309,263	
Ending Inventory	2,328,676	17,985,902	2,250,384	16,058,879
GROSS INCOME		11,410,630		10,452,764
EXPENSES				
Salaries and employee benefits	2,477,055		2,196,049	
Depreciation	238,551		223,745	
Heat, light and power	222,478		195,653	
Rent — Note 2	168,240		166,485	
Store supplies and office expense	126,621		125,398	
Interest on long term debt	115,439		84,790	
Insurance and taxes	95,341		76,483	
Repairs and maintenance	76,322		91,985	
Travel	68,144		50,993	
Telephone and telegraph	28,515		22,202	
Computer Services — Note 4	20,568		22,370	
Miscellaneous	17,938		18,324	
Delivery	15,439		11,724	
Professional Services	15,301	3,675,952	17,902	3,315,108
		7,734,678		7,137,661
OTHER INCOME		171,750		175,781
NET INCOME — Note 1 (c)		7,906,428		7,313,442

(Notes 1 to 4 are an integral part of these financial statements)

APPENDIX "D" (Continued)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1983

1. **Summary of significant accounting policies**

   (a) **Depreciation and Amortization** —

   Depreciation of buildings, furniture and equipment and amortization of leasehold improvements are calculated on a straight-line basis. This basis represents the estimated useful life of the buildings, furtniture and equipment, and the terms of the leases.

   (b) **Inventories** —

   Inventories are valued at cost based on the latest invoice price.

   (c) **Net Income** —

   All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Consolidated Fund on a continuing basis as excess cash becomes available. Any funds received from operations which are used to finance net additions to fixed assets are withheld by the Commission and treated as long term loans from the Province.

2. As of March 31, 1983 the Prince Edward Island Liquor Control Commission leases 5 retail outlets. Four of these retail outlets have written lease agreements and the maturity dates for these leases are between 1986 and 1994. The written leases have a total basic yearly rent of approximately $90,000.

3. Debentures Payable

	Balance March 31, 1983	Less Current Portion	Long Term Liability
Licensee Distribution Centre			
Repayable in equal annual installments of $75,764 including interest @ 12.5% per annum, maturing November 1, 1990	369,836	29,535	340,301
North Rustico			
Repayable in equal annual installments of $64,295 including interest @ 15.5% per annum, maturing September 1, 1991	301,384	17,580	283,804
Kensington			
Repayable in equal annual installments of $24,363 including interest @ 18% per annum, maturing January 1, 1992	103,961	5,390	98,571
	$775,181	$ 52,505	$722,676

4. The 1982 figure for Professional services has been segregated to conform with the revised classification in the current year.

POOR

QUALITY

ORIGINAL